

RECEIVED
LEGISLATIVE AUDITOR
2009 DEC 14 AM 10:30

Town of Cottonport
Annual Financial Statements
As of and for the Year Ended
June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/6/10

DUCOTE & COMPANY
Certified Public Accountants
219 North Washington Street
P. O. Box 309
Marksville, LA 71351

TOWN OF COTTONPORT, LOUISIANA
Annual Financial Statements
As of and for the year ended June 30, 2009

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
REQUIRED SUPPLEMENTAL INFORMATION (PART I)	
Management's Discussion and Analysis	4-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet and Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Assets	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Funds:	
Statement of Net Assets	15
Statement of Revenues, Expenses, and Changes in Fund Net Assets	16
Statement of Cash Flows	17
Fiduciary Funds:	
Statement of Fiduciary Net Assets - Agency Funds	18
Notes to the Financial Statements	19-33
REQUIRED SUPPLEMENTAL INFORMATION (PART II)	
Budget Comparison Schedules	
General Fund	35
Sales Tax Fund	36
Volunteer Fire Department	37
Notes to Budget Comparison Schedules	38

TOWN OF COTTONPORT, LOUISIANA
Annual Financial Statements
As of and for the year ended June 30, 2009

TABLE OF CONTENTS (Continued)

OTHER SUPPLEMENTAL SCHEDULES :

Detailed financial statements:

General Fund:

Statement of Revenues- Budget (GAAP Basis) and Actual	40
Statement of Functional Expenditures- Budget (GAAP Basis) and Actual	41-43

Enterprise Fund:

Statement of Operating Expense Detail- Budget (GAAP Basis) and Actual	44
--	----

Non-Major Governmental Funds:

Combining Balance Sheet	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	46

Schedule of Compensation Paid to Elected Officials	47
---	-----------

OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS:

Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .	49-50
Schedule of Audit Results, Findings, and Responses	51
Current Year Findings, Recommendations, and Corrective Action Plan	52-53
Status of Prior Audit Findings	54

INDEPENDENT AUDITORS' REPORT

The Honorable Cleveland Carmouche, Jr., Mayor
And Members of the Council
Town of Cottonport, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2009, which collectively comprises the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town of Cottonport, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

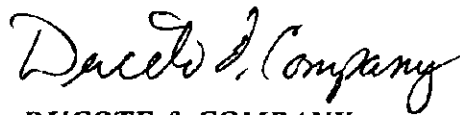
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cottonport, Louisiana, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2009 on our consideration of the Town of Cottonport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information on pages 4 through 8 and 35 through 38, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cottonport, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



DUCOTE & COMPANY

Marksville, Louisiana

November 16, 2009

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
Management's Discussion and Analysis

Town of Cottonport, Louisiana
Management's
Discussion and Analysis
June 30, 2009

This discussion and analysis is intended to be an easily readable analysis of the Town of Cottonport's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow:

Report Layout

With the implementation of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," a government's presentation of financial statements has been greatly changed. Besides the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, combining schedules of non-major funds and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, fire, public works, parks and recreation, community development and general government administration. The sales tax fund is also included in the governmental activities. The Town's component unit, the Cottonport Volunteer Fire Department has their general fund reported within the governmental activities. The Town's other activities of water and sewer operations are reported within the business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Under the new reporting requirements of GASB 34, governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, under the new reporting requirements, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of town programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. The Town's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." A budgetary comparison is presented for the general fund, sales tax fund and the volunteer fire department fund. Statements for the Town's proprietary funds follow the governmental funds and include net assets, revenue, expenses and changes in net assets, and cash flow.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

Readers desiring additional information on non-major funds can find it in the Combining Statements of Non-major Funds section of this report. Completing the financial section of the report are schedules on capital assets and other financial schedules.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years. Significant changes from the prior year are explained in the following paragraphs.

Government-wide Financial Statements

A condensed version of the Statement of Net Assets at June 30, 2009 follows:

	Net Assets at Year-end		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Cash and Investments	\$ 130,301	\$ 192,234	\$ 322,535
Other assets	56,836	117,724	174,560
Capital assets	1,450,065	1,883,254	3,333,319
Total assets	<u>\$ 1,637,202</u>	<u>\$ 2,193,212</u>	<u>\$ 3,830,414</u>
Other liabilities	\$ 79,457	\$ 56,793	\$ 136,250
Long-term liabilities	154,183	-	154,183
Total liabilities	<u>233,640</u>	<u>56,793</u>	<u>290,433</u>
Net assets			
Investment in capital assets,			-
Net of related debt	1,295,882	1,883,254	3,179,136
Restricted	-	-	-
Unrestricted	107,680	253,165	360,845
Total net assets	<u>\$ 1,403,562</u>	<u>\$ 2,136,419</u>	<u>\$ 3,539,981</u>

During the year ended June 30, 2009, the following changes affected the balance of net assets: cash and investments increased by approximately \$58,000 from the prior year. Capital expenditures in the governmental activities funds totaled \$241,396. Assets totaling \$40,218 of original cost which were not longer being used were sold to the highest bidder for a total of \$865.

A condensed version of the Statement Activities follows:

Governmental and Proprietary Activities
For the year ended June 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
<u>Revenues</u>			
Program Revenues:			
Charges for services	\$ 25,394	\$ 629,080	\$ 654,474
General Revenues:			
Taxes	246,877		246,877
Franchise fees	122,971		122,971
Licenses and permits	74,915		74,915
Intergovernmental	81,003		81,003
Unrestricted Investment earnings	-	4,775	4,775
Miscellaneous	54,375		54,375
Transfers	113,000	(113,000)	-
Total revenues and transfers	<u>718,535</u>	<u>520,855</u>	<u>1,239,390</u>
<u>Expenses</u>			
General government	213,111		213,111
Public safety	350,234		350,234
Streets and bridges	194,517		194,517
Health and sanitation	694		694
Utility services-Water and Sewer		484,767	484,767
Interest and fiscal charges	8,301	-	8,301
Total Expenses	<u>766,857</u>	<u>484,767</u>	<u>1,251,624</u>
Increase (Decrease) in net assets	<u>\$ (48,322)</u>	<u>\$ 36,088</u>	<u>\$ (12,234)</u>

Governmental activities

Governmental program expenses were lower than prior year by roughly \$94,000 and revenues were lower by \$355,000 resulting in an overall \$241,000 decrease in the change in net assets over the prior year. The net results in governmental activities are largely due to the decrease in expenditures from the prior years and a decrease in the amount of transfers in from business-activities and a decrease in grant revenue. A total of \$766,857 was expended as compared to \$860,936 in the prior year.

Business-type activities

The water and sewer fund had an operating profit for the year after transfers out to other funds totaling \$113,000 which represents a \$155,985 increase over the prior year. Although water revenue was down slightly, the transfers out to governmental funds were \$85,000 less than the prior year and expenses were down by approximately \$92,000 due largely to cut backs in labor costs and purchasing of supplies under the new administration that took office in January 2009.

Budgetary Highlights

Over the course of the year the Town Council revised the budget only once resulting in an overall decrease in general fund revenues over expenditures of \$50,000. In total, the general fund's expenditures were \$8,451 less than budgeted and revenues were \$78,832 more than budgeted for a total net favorable budget variance of \$87,283. After operating transfers in of \$242,300, the general fund finished the year with an overall favorable budget variance of \$29,582.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2009 the Town had \$3,333,319 invested in capital assets, including police and fire equipment, park and recreation facilities, buildings, and water and sewer lines. This amount represents a net increase of \$58,072 (additions net of deletions and accumulated depreciation). The Town deleted assets totaling a net of \$40,218 from its fixed asset records that had been disposed of, sold or junked. Current year asset additions totaled \$241,396 of assets purchased by the police and fire departments and improvements to the Cottonport Museum.

Capital Assets at Year-end

	Governmental Activities		Business-type Activities		Totals	
	2008	2009	2008	2009	2008	2009
Land and improvements	\$ 101,031	\$ 101,031			\$ 101,031	\$ 101,031
Construction in progress	21,121	21,121			21,121	21,121
Buildings and improvements	1,156,938	1,165,459			1,156,938	1,165,459
Furniture, fixtures and equipment	304,809	311,700			0	0
Vehicles and tractors	446,868	632,634			304,809	311,700
Water lines, wells, extensions and equipment			446,868	632,634	446,868	632,634
Treatment facility, lines and equipment			2,019,148	2,019,148	0	0
Subtotal	\$ 2,030,767	\$ 2,231,945	2,019,148	2,019,148	2,019,148	2,019,148
Accumulated depreciation	743,995	781,880	2,104,218	2,104,218	0	0
Capital assets, net	\$ 1,286,772	\$ 1,450,065	\$ 4,123,366	\$ 4,123,366	2,104,218	2,104,218
			\$ 2,134,891	2,240,112	\$ 6,154,133	\$ 6,355,311
			\$ 1,988,475	\$ 1,883,254	2,878,886	3,021,992
					\$ 3,275,247	\$ 3,333,319

Debt Outstanding

At year-end, the Town had 154,183 of outstanding long-term debt. This debt represents the balance owed on the Capital Lease purchase of a new Fire Truck for the Cottonport Volunteer Fire Department. More detailed information on the Town's long-term liabilities is presented in the notes to the financial statements. The Town also had a balance due to Capital One Bank for \$59,639 remaining from a short-term unsecured line of credit used to fund the cost sharing portion of a cost reimbursement grant for sidewalk improvements completed in the prior fiscal year.

Economic Factors and Next Year's Budgets and Rates

Due to the rising cost of insurance and personnel costs, the limited sources of revenue available and the current economic conditions, the Town is projecting excess expenditures in the General Fund of \$274,000 for the fiscal year ending June 30, 2010 before transfers in from other funds. After transfers in totaling a net of \$288,000, the General Fund is projecting a surplus of \$14,125. The Town was awarded \$600,000 of financial assistance from the Economic Development Administration to provide necessary public infrastructure to support entrepreneurship and industrial development in conjunction with other committed funding totaling \$1,989,000. The Town was also awarded a grant from the Office of Community Development in the amount of \$35,000 for portable water. An annexation is being considered, which would result in the acquisition of an additional tax base and bring in new business and industry to the area. With this annexation and available funding, the Town could see a substantial growth in economic development for the area in the next five to seven years. Funding for a new water well has also been awarded from LCDBG in the amount of \$225,000. An additional \$500,000 will be borrowed to cover the entire cost to construct the well. The borrowed funds are to be paid back from water and sewer revenues. In November 2009, the Town adopted a water rate increase to be effective January 1, 2010, to help fund the money needed to service the debt on the new water well project. This project is expected to be completed in 2010.

Financial Contact

The Town's financial statements are designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the revenues it receives. If you have any questions about this report or need additional financial information, please contact Theresa Anderson, the Town Clerk at 931 Bryan Street, Cottonport, LA 71327.

BASIC FINANCIAL STATEMENTS

TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and interest-bearing deposits	\$130,301	\$192,234	\$322,535
Receivables:			
Accounts	0	55,717	55,717
Taxes	11,689	0	11,689
Accrued Interest	10	1,640	1,649
Other	45,138	0	45,138
Due from other funds	0	14,770	14,770
Restricted assets:			
Cash and interest-bearing deposits	0	45,598	45,598
Capital assets (net of accumulated depreciation)	<u>1,450,065</u>	<u>1,883,254</u>	<u>3,333,319</u>
TOTAL ASSETS	<u>\$1,637,202</u>	<u>\$2,193,212</u>	<u>\$3,830,414</u>
<u>LIABILITIES</u>			
Accounts Payable	\$88,959	\$11,195	\$80,154
Due to other funds	10,498	0	10,498
Payable from restricted assets -			
Customers' deposits	0	45,598	45,598
Capital lease payable	<u>154,183</u>	<u>0</u>	<u>154,183</u>
Total Liabilities	<u>233,640</u>	<u>56,793</u>	<u>290,433</u>
<u>NET ASSETS</u>			
Reserved for -			
Investment in capital assets, net of related debt	1,295,882	1,883,254	3,179,136
Unrestricted	<u>107,660</u>	<u>253,165</u>	<u>360,845</u>
TOTAL NET ASSETS	<u>\$1,403,562</u>	<u>\$2,138,419</u>	<u>\$3,539,981</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

——Net (Expenses) Revenue and Change in Net Assets——

	Expenses	Charges for Services	Governmental Activities	Business- Type Activities	Total
ACTIVITIES					
Governmental activities:					
General government	\$213,111	\$0	\$(213,111)	\$0	\$(213,111)
Public safety:				0	
Police	263,970	25,394	(238,576)	0	(238,576)
Fire	81,567	0	(81,567)	0	(81,567)
City Court	4,697	0	(4,697)	0	(4,697)
Streets and bridges	194,517	0	(194,517)	0	(194,517)
Health and sanitation	694	0	(694)	0	(694)
Interest and fiscal charges	8,301	0	(8,301)	0	(8,301)
Total Governmental Activities	766,857	25,394	(741,463)	0	(741,463)
Business-type activities:					
Water and Sewer	484,767	629,080	0	144,313	144,313
Total Business-type Activities	484,767	629,080	0	144,313	144,313
Total Town of Cottonport	1,251,624	654,474	(741,463)	144,313	(597,150)
GENERAL REVENUES					
Taxes			246,877	0	246,877
Franchise Fees			122,971	0	122,971
Licenses and permits			74,915	0	74,915
Intergovernmental			81,003	0	81,003
Unrestricted investment earnings			0	4,775	4,775
Miscellaneous			54,375	0	54,375
Transfers, net			113,000	(113,000)	0
Total general revenues, special Items and transfers			693,141	(108,225)	584,916
Change in net assets			(48,322)	36,088	(12,234)
Net assets beginning of year			1,451,884	2,100,331	3,552,215
Net assets end of year			\$1,403,562	\$2,136,419	\$3,539,981

The accompanying notes are an integral part of this financial statement.

TOWN OF COTTONPORT, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS AND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

	General Fund	Sales Tax Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and interest-bearing deposits	\$44,557	\$29,127	\$56,464	\$153	\$130,301
Receivables:					
Taxes	0	11,689	0	0	11,689
Accrued interest	10	0	0	0	10
Other	45,137	0	0	0	45,137
Due from other funds	0	0	0	0	0
TOTAL ASSETS	\$89,704	\$40,816	\$56,464	\$153	\$187,138
<u>LIABILITIES</u>					
Accounts Payable	\$68,733	\$226	\$0	\$0	\$68,959
Due to other funds	10,498	0	0	0	10,498
Total fund balances	<u>79,231</u>	<u>226</u>	<u>0</u>	<u>0</u>	<u>79,457</u>
<u>FUND BALANCES</u>					
Reserved for -					
Debt Service	0	0	0	0	0
Unrestricted	10,473	40,590	56,464	153	107,680
Total fund balances	<u>10,473</u>	<u>40,590</u>	<u>56,464</u>	<u>153</u>	<u>107,680</u>
TOTAL LIABILITIES AND FUND BALANCE	\$89,704	\$40,816	\$56,464	\$153	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources

and therefore are not reported in the funds.

2,231,945

Less: accumulated depreciation

(781,880)

1,450,065

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds

(154,183)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$1,403,562

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Sales Tax Fund	Volunteer Fire Department Fund	Other Governmental Funds	Totals Governmental Funds
<u>REVENUES</u>					
Taxes	\$31,912	\$156,059	\$58,907	\$0	\$246,877
Franchise Fees	122,971	0	0	0	122,971
Licenses and permits	74,915	0	0	0	74,915
Intergovernmental	65,467	0	15,536	0	81,003
Fines and forfeits	25,394	0	0	0	25,394
Miscellaneous	53,926	60	389	0	54,375
TOTAL REVENUES	374,585	156,119	74,832	0	605,535
<u>EXPENDITURES</u>					
Current -					
General government	203,297	2,010	0	0	205,306
Public Safety:					
Police	249,026	0	0	0	249,026
Fire	24,045	0	14,297	0	38,343
City Court	4,697	0	0	0	4,697
Streets and bridges	182,387	0	0	0	182,387
Health and sanitation	694	0	0	0	694
Capital outlay	10,303	0	231,093	0	241,396
Debt service -					
Principal retirement	0	0	0	21,801	21,801
Interest and fiscal charges	0	0	0	8,301	8,301
TOTAL EXPENDITURES	674,449	2,010	245,391	30,102	951,952
Excess (deficiency) of revenues over expenditures	(299,865)	154,109	(170,559)	(30,102)	(346,416)
<u>OTHER FINANCING SOURCES (USES)</u>					
Loan proceeds	0	0	175,984	0	175,984
Operating transfers in	242,300	0	0	30,102	272,402
Operating transfers out	0	(129,300)	(30,102)	0	(159,402)
TOTAL OTHER FINANCING SOURCES (USES)	242,300	(129,300)	145,882	30,102	288,984
Excess (deficiency) of revenues over expenditures and other sources (uses)	(57,565)	24,809	(24,677)	0	(57,432)
FUND BALANCES AT BEGINNING OF YEAR	68,037	15,781	81,141	153	165,111
FUND BALANCES AT END OF YEAR	\$10,473	\$40,590	\$56,464	\$153	\$107,679

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Net change in fund balances - Governmental Funds **\$(57,432)**

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital expenditures	241,396
Depreciation expense	(78,103)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal paid	21,801
Capital lease proceeds	<u>(175,984)</u>

Change in net assets of governmental activities **\$(48,322)**

The accompanying notes are an integral part of this financial statement.

TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

	<u>Business-type Activities</u>
<u>ASSETS</u>	
Cash and interest-bearing bonds	\$192,234
Receivables:	
Accounts	55,716
Accrued Interest	1,640
Due from other funds	14,770
Restricted assets:	
Cash and interest-bearing deposits	45,598
Capital assets (net of accumulated depreciation)	<u>1,883,254</u>
TOTAL ASSETS	<u>\$2,193,211</u>
<u>LIABILITIES</u>	
Accounts Payable	\$11,195
Payable from restricted assets -	
Customers' deposits	<u>45,598</u>
Total Liabilities	<u>56,793</u>
<u>NET ASSETS</u>	
Investment in capital assets, net of related debt	1,883,254
Unrestricted	<u>253,165</u>
TOTAL NET ASSETS	<u>\$2,136,418</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Enterprise Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services -	
Water services	\$342,279
Sewer services	179,965
LAWCO water line	<u>106,836</u>
 TOTAL OPERATING REVENUES	 <u>629,080</u>
 <u>OPERATING EXPENSES</u>	
Water department	221,500
Sewer department	121,585
General and administrative	44,439
Depreciation	<u>97,243</u>
 TOTAL OPERATING EXPENSES	 <u>484,767</u>
 OPERATING INCOME (LOSS)	 <u>144,313</u>
 <u>NONOPERATING REVENUES (EXPENSES):</u>	
Interest income	4,775
Loss on disposal of assets	<u>0</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>4,775</u>
 INCOME (LOSS) BEFORE OPERATING TRANSFERS	 <u>149,088</u>
 <u>OPERATING TRANSFERS IN (OUT):</u>	
Operating transfers out	<u>(113,000)</u>
 TOTAL OPERATING TRANSFERS	 <u>(113,000)</u>
 NET INCOME (LOSS)	 36,088
 RETAINED EARNINGS AT BEGINNING OF YEAR	 <u>2,100,330</u>
 RETAINED EARNINGS AT END OF YEAR	 <u>\$2,136,418</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$623,447
Payments to suppliers	(282,577)
Payments to employees for salaries and benefits	<u>(112,988)</u>
Net cash provided by operating activities	227,882
Cash flows from noncapital financing activities:	
Due from other funds	(4,799)
Operating transfers to other funds	<u>(113,000)</u>
Net cash provided by/(used) for noncapital financing activities	<u>(117,799)</u>
Cash flows from capital and related financing activities	
Purchase of Capital Assets	<u>0</u>
Net cash provided by/(used) for capital and related financing activities	<u>0</u>
Cash flows from investing activities:	
Interest received from interest bearing deposits	<u>4,775</u>
Net cash provided by/(used) for investing activities	<u>4,775</u>
Net increase (decrease) in cash and cash equivalents	114,858
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>122,974</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$237,832</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$144,313
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	97,243
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(5,633)
(Increase) decrease in other receivables	(352)
Increase (decrease) in accounts payable	(11,409)
Increase (decrease) in customer deposits	<u>3,720</u>
Net cash provided by/(used) for operating activities	<u><u>\$227,882</u></u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009**

	Agency Funds
<u>ASSETS</u>	
Cash and interest-bearing deposits	<u>\$7,014</u>
TOTAL ASSETS	<u>\$7,014</u>
<u>LIABILITIES</u>	
Accounts payable	\$2,742
Due to other funds	<u>4,272</u>
TOTAL LIABILITIES	<u>\$7,014</u>
NET ASSETS	<u>\$0</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

INTRODUCTION

The Town of Cottonport (Town) was incorporated on March 28, 1896. On October 21, 1924, under the provisions of the Lawrason Act, the Town began operating under a Mayor-Council form of government.

The accounting and reporting policies of the Town of Cottonport conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity.

Government Accounting Standards Board Statement (GASB) 14 established criteria for determining which component units should be considered part of the Town of Cottonport, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and;
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations, to which the Town does not appoint a voting majority, but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of the foregoing criteria, the volunteer fire department as a governmental organization is considered a part of the Town and is thus included in the accompanying financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. Implementation of New Accounting Standards.

For the fiscal year ended June 30, 2009, the Town of Cottonport, Louisiana implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments* (GASB 34). This statement affects the manner in which the Town records transactions and presents financial information.

State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB 34 establishes new requirements and a new reporting model, much like private-sector financial reports, for the annual financial reports of state and local governments. The new format was developed to make annual reports of state and local governments easier to understand and more useful to users of governmental financial information.

Management's Discussion and Analysis-GASB 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the Town's financial activities in the form of management's discussion and analysis (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements-The reporting model includes financial statements prepared using full accrual accounting for all the Town's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements including the following:

Statement of Net Assets-The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities). The Town reports capital assets in the government-wide statement of net assets and reports depreciation expense-the cost of "using up" capital assets-in the statement of activities. The net assets of the Town are broken down into three categories-1) Invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities-The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Town's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Town had recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

B. Basic Financial Statements.

Basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net assets and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, transactions between governmental and business-type activities have not been eliminated.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety (police, fire and city court), streets and bridges, health and sanitation and public improvements. The business-type activities of the Town include water and wastewater operations.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town in general considers revenues available if they are collected within 180 days after year-end, except for property taxes, which the Town considers available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when payment is due.

For the governmental funds financial statements, the Town consider all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.

The accounts of the Town are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstration compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Town reports the following major governmental funds:

The General Fund is the municipality's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt service funds are used to account for the accumulation of resources retained and used for the payment of principal, interest, and related costs on those long-term obligations recorded in the general long-term obligations account group.

Capital projects funds are used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed in the proprietary funds and trust funds).

The Town reports the following major proprietary fund:

Utility funds are used to account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through users charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Cottonport's enterprise fund is the Water and Wastewater Utility Fund.

Additionally, the Town reports the following fund types:

Fiduciary funds, which consist solely of Agency funds, account for assets held by the Town as a trustee or as an agent for individuals or other governmental units. The only fiduciary fund type used by the Town is the Agency Fund type. Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The funds account for assets held by the Town in an agency capacity for individuals or other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting.

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Council not later than fifteen days prior to the beginning of each fiscal year.
2. A notice is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General Fund, Sales Tax, Volunteer Fire Department, Debt Service, Capital Projects Funds (if any) and the Enterprise Fund. The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Town Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are as originally adopted and as further amended by the Town Council.

E. Deposits and Investments.

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal officers in Louisiana. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, which approximates market.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash Flow Presentation.

For the purpose of the statement of cash flows, the Enterprise Fund (Water & Sewer System Fund) consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

G. Bad Debts.

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. No allowance for uncollectible amounts was made due to the immateriality at June 30, 2008.

H. Due to and Due from Other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

I. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Long-Term obligations of the Town consisted of a Certificate of Indebtedness, Series 1998, that was completely paid at June 30, 2009.

J. Accumulated Unpaid Vacation and Other Employee Benefits.

Town employees are entitled to certain compensated absences based upon their length of service.

Vacation and sick leave are accounted for on a fiscal year basis beginning January 1st through December 31st.

Vacation leave is earned at the rate of five days to fifteen days per year depending on the employee's length of service with the Town. Vacation leave earned does not accumulate from year to year and expires on January 31st of the succeeding year in which it was earned.

Sick leave is earned at the rate of five days per year for employees who have reached full-time status and have been employed up to five years. Employees who have been employed greater than five years are granted an additional day for each year of employment over five years. Accumulated sick leave is not payable at the time of separation.

At June 30, 2009, vested leave benefits have not been accrued as required by GASB Statement No. 16 "Accounting for Compensated Absences", due to immateriality.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Land Improvements (Infrastructure)	10 - 50
Building and building improvements	20 - 50
Service vehicles and moveable equipment	7 - 15
Heavy equipment	10 - 20
Office furniture and fixtures	5 - 10

The proprietary fund is accounted for on a cost of service or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non current) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method over the following useful lives:

	<u>Years</u>
Water wells and waste collection system	40 - 50
Water and sewer lines and meters	10 - 50
Pumps, motors and compressors	10 - 40
Service vehicles and moveable equipment	7 - 15

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 2. CASH AND CASH EQUIVALENTS

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2009, the Town had cash and cash equivalents (book balance) totaling \$375,147, as follows:

Demand deposits	\$275,735
Time deposits	<u>99,412</u>
Total	<u>\$375,147</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name Town or the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2009, are secured as follows:

Federal deposit insurance	\$367,581
Pledged securities	<u>11,748</u>
Total	<u>\$379,329</u>

As of June 30, 2009, the Town's total bank balances were fully insured and collateralized with securities held in the name of the Town by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

NOTE 3. INVESTMENTS

At June 30, 2009, the Town held investments totaling \$99,412 in 180 day certificates of deposit. These investments are stated at cost, which approximate market, and are secured from risk by federal deposit insurance (see note 2).

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 4. RECEIVABLES

Receivables totaling \$45,138 in the general fund consisted of the following at June 30, 2009:

Due from other governmental agencies	
Video Poker Revenue	\$ 2,575
Casino Gaming Revenue	6,436
Beer Tax	1,835
Housing Authority in lieu of taxes	8,186
DOTD Maintenance fees	<u>2,500</u>
Total	<u>\$21,532</u>
Other Receivables	
Franchise Fees	\$21,724
Ad Valorem Taxes	234
NSF Check Receivable	<u>1,648</u>
Total	<u>\$23,606</u>

In the enterprise fund unbilled utility receivables were immaterial at June 30, 2009. Billed receivables balances at June 30, 2009 consisted of the following:

	<u>Water and Sewer System</u>
<u>Utility Billings</u>	
Current billings	\$50,552
Over 30 days	<u>5,165</u>
	<u>\$55,717</u>

NOTE 5. INTERFUND RECEIVABLES, PAYABLES

The following is a summary of interfund receivable and payable balances at June 30, 2009:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 0	\$ 10,498
Enterprise Fund	14,770	0
Agency Funds	<u>0</u>	<u>4,272</u>
Totals	<u>\$ 14,770</u>	<u>\$ 14,770</u>

NOTE 6. RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2009:

Customer Meter Deposits	<u>\$45,598</u>
-------------------------	-----------------

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2009, are as follows:

	Balance 7/1/2008	Additions	Deletions	Balance 6/30/2009
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land and Improvements	\$101,031	\$0	\$0	\$101,031
Construction in Progress	21,121	0	0	21,121
Total capital assets not being depreciated	<u>\$122,152</u>	<u>\$0</u>	<u>\$0</u>	<u>\$122,152</u>
<u>Capital assets being depreciated:</u>				
Buildings and Improvements	\$1,156,938	\$8,521	\$0	\$1,165,459
Furniture, Fixtures, and Equipment	304,809	6,891	0	\$311,700
Vehicles and Tractors	446,868	225,984	40,218	\$632,634
Total capital assets being depreciated	<u>\$1,908,615</u>	<u>\$241,396</u>	<u>\$40,218</u>	<u>\$2,109,793</u>
<u>Less accumulated depreciation for:</u>				
Building and Improvements	\$337,878	\$29,809	\$0	\$367,687
Furniture, Fixtures, and Equipment	180,733	19,104	0	199,837
Vehicles and Tractors	225,384	29,190	40,218	214,356
Total accumulated depreciation	<u>\$743,995</u>	<u>\$78,103</u>	<u>\$40,218</u>	<u>\$781,880</u>
Total Capital assets being depreciated, net	<u>\$1,164,620</u>			<u>\$1,327,913</u>
For the year ended June 30, 2009, depreciation expense was \$78,102.				
Business-type activities:				
<u>Capital assets being depreciated:</u>				
Water department:				
Water lines, well and extensions and equipment	\$2,019,148	\$0	\$0	\$2,019,148
Sewer department:				
Treatment facility, lines and equipment	2,104,218	0	0	2,104,218
Total Capital assets being depreciated	4,123,366	0	0	4,123,366
Less accumulated depreciation	(2,134,891)			(2,240,112)
Total business-type assets being depreciated, net	<u>\$1,988,475</u>			<u>\$1,883,254</u>

There were no current year additions of business-type assets.

For the year ended June 30, 2009, depreciation expense was \$97,243.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 8. CHANGES IN LONG-TERM DEBT

The Town of Cottonport entered into a lease agreement as lessee for the financing of a new fire truck for the Cottonport Volunteer Fire Department in the amount of \$175,984. The lease agreement qualifies as a capital lease for accounting purposes (lease contains an option to purchase the leased property) and therefore, has been recorded at the present value of the future minimum payments as of the date of its inception. The carrying value of the asset under the capital lease is \$219,707. The following is a schedule of future minimum lease payments under this capital lease, and the present value of the net minimum lease payments as of June 30, 2009:

<u>Year Ending June 30</u>	
2010	\$ 30,102
2011	30,102
2012	30,102
2013	30,102
2014	30,102
2015	<u>30,102</u>
	180,612
Less: amount representing interest	<u>(26,429)</u>
Present value of future lease payments	<u>\$154,183</u>

NOTE 9 CHANGES IN AGENCY FUND

The following is a summary of changes in assets and liabilities of the Agency Fund for the year ended June 30, 2009:

	<u>Balance</u> <u>7/1/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2009</u>
Assets				
Cash	\$37,100	\$805,243	\$835,329	\$7,014
Prepaid, deferred items	34,152	0	34,152	0
	<u>\$71,252</u>	<u>\$805,243</u>	<u>\$869,481</u>	<u>\$7,014</u>
Liabilities				
Payroll taxes payable	\$773	\$97,040	\$96,274	\$1,539
Retirement payable	2,045	21,121	21,963	1,203
Due to other funds	68,434	905,407	969,569	4,272
	<u>\$71,252</u>	<u>\$1,023,568</u>	<u>\$1,087,806</u>	<u>\$7,014</u>

NOTE 10. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Ad valorem tax revenues are budgeted in the year billed.

For the year ended June 30, 2009, taxes of 5.68 mills were levied on property with assessed valuations totaling \$5,598,285 and were dedicated as follows:

General corporate purposes 5.64 mills

Total taxes levied were \$31,798. Taxes receivable at June 30, 2009, were \$234.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 11. DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAX LEVY

On October 21, 1995, the voters of the Town of Cottonport approved a one (1%) sales and use tax for a period of twenty-five years from April 1, 1996. The revenues derived from said sales and use tax are to be used for the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal works, waterworks, facilities, public streets and drainage facilities.

NOTE 12. WATER PURCHASE CONTRACTS

The Town of Cottonport has various contract agreements in effect for the sales of water with details and terms as follows:

1. Louisiana Water Company (LAWCO) – Contract dated July 1, 1995, requiring the Town of Cottonport to supply water for resale in Mansura, Louisiana for a period of twenty (20) years at a rate of \$1.28 per 1,000 gallons with a minimum of \$500 per month. Effective July 1, 2008 for a one year period, the rate increases to \$1.51 per 1,000 gallons with a minimum of \$500 per month.
2. Louisiana Correctional Facilities Corporation – Verbal agreement requiring the Town of Cottonport to supply water for resale to the Medium Security Prison in Cottonport at a rate of \$1.12 per 1,000 gallons. Effective May 1, 2007 the rate was increased to \$1.42 per 1,000 gallons.

NOTE 13. ROAD MAINTENANCE AGREEMENT

On July 1, 1998 the Town of Cottonport entered into a maintenance agreement with the Department of Transportation and Development for one-year period whereby the Town will maintain its municipal streets and roads, including mowing and litter pickup, and the Department of Transportation and Development will reimburse the Town with semi-annual payments totaling \$5,000, which was determined at a rate of \$1,000 per mile for five miles of undivided streets per year. This contract is renewed on an annual basis.

NOTE 14. SALES TAX COLLECTION AGREEMENT

On June 5, 1992, the Town of Cottonport entered into an intergovernmental agreement with the Avoyelles Parish School Board for a one year period commencing on July 1, 1992, whereby the School Board will collect the sales and use taxes, including interest, penalties, fees and cost, levied by the Town of Cottonport under the Town's ordinances for a monthly fee of 1.5 percent of the gross tax revenues collected by the School Board. The School Board will remit collections to the Town on a monthly basis no later than the 10th day of each month after reasonable and necessary cost and expenses of collection in administration of the taxes have been deducted, including the collection fee. This contract automatically renewed for an additional consecutive one-year period commencing July 1, 2008.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 15. FRANCHISE AGREEMENTS

The Town of Cottonport has entered into franchise agreements with various public utility companies that provide services within the corporate limits of the Town. A summary of each such agreement follows:

1. Central Louisiana Electric Company, Inc. (CLECO) – effective October 9, 1985, for a period of thirty (30) years. Franchise fee is based on four percent (4%) of the gross receipts from the sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the Town. Fees payable quarterly within thirty (30) days of the end of the quarter. Other franchise provisions are as follows:
 - A. Franchise payments will be reduced in an amount equal to the sum of any new or increased taxes of any nature whatsoever levied by the municipality and payable to CLECO (except uniform ad valorem taxes, based on property values).
 - B. CLECO will provide free electric services to the Town and reduce street light rates until November 1988. Thereafter, prevailing commercial rates shall apply and street light rates will increase.
2. Classic Communication, Inc. (formerly Galaxy Cablevision) – effective June 8, 1981 for a period of fifteen (15) years. The franchise fee is based on five percent (5%) of gross subscription receipts, less sales taxes, federal excise tax and copyright fees, received by the company within the Town limits. Fees are payable to the Town quarterly, by the 10th of the following month. On May 11, 1994, the Town transferred this franchise agreement for Galaxy Cablevision to Friendship Cable and extended the agreement for an additional thirteen (13) years after expiration of the original franchise.
3. Reliant Energy Entex (formerly Entex) – effective July 12, 1995, for a period of fifteen (15) years. Franchise fee is based on four percent (4%) of the gross receipts from the sale of gas for residential and commercial purposes billed on residential and commercial rates within the limits of the Town. Fees are payable on or before the 10th of each February.
4. CenturyTel (formerly Central Louisiana Telephone Company) - effective January 1, 1994, for a period of twenty-five (25) year. The franchise fee is based on five percent (5%) of the approved tariff rate for local access line telephone service provided by the Company within the corporate limits of the Town and the Company shall provide free to the Town three (3) local access lines. Fees are payable no later than sixty (60) days after the end of each calendar quarter.

NOTE 16. FUNDING COMMITMENTS

On October 27, 2003, the Town applied for and was awarded funding through the Louisiana Community Development Block Grant (LCDBG) Program in the amount of \$225,000 to fund construction of a new water well. As of the date of issuance of this report, testing had been conducted for the site but the Town was notified that the project could not be funded due to lack of emergency priority and funding availability from the state at this time. A partial payment of \$7,800 was received for this grant in October 2007 to reimburse the Town for cost incurred.

In July 2007, the Town requested funding from the State of Louisiana for the construction of an access road and water and sewer lines for the Prison Access Road/F.P.Bordelon Road to accommodate planned expansion of the plant facilities there. As of the date of this report, the funding was awarded in the amount of \$600,000, however, the project has not yet commenced.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 17. PENSION PLANS

Substantially all employees of the Town of Cottonport are members of the following statewide retirement systems: Municipal Employees' Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

Municipal Employee's Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All of the employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week, who are not covered by another pension plan and are paid wholly or in part from municipal funds, are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. This report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Bldg., Baton Rouge, Louisiana 70809 or by calling (504)925-4810.

Funding Policy: Under Plan B, members are required to contribute 5.00% of their annual covered salary to the system while the Town is required to contribute at an actuarially determined rate. Beginning July 1, 2008, the rate is set at 6.75% of the total annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the system for the year ended June 30, 2009, was \$9,155 equal to the required contribution for the year.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 17. PENSION PLANS (Continued)

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are eligible to participate in the System but not all participate. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. This report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2550 or by calling (504)929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is set at 9.5% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the year ended June 30, 2009 was \$399 equal to the required contributions for the year.

NOTE 18. SUBSEQUENT EVENTS

Subsequent to the fiscal year end and prior to issuance of this report the Town adopted a water rate increase in November effective January 1st, 2010. The Town also applied for funding in the amount of \$500,000 to finance the cost of a new water well project. The water rate increase adopted was primarily to provide funding to service the debt on the new water well project. The Town has not yet received approval from the State Bond Commission on its application to incur the \$500,000 of debt. Additional funding of \$225,000 from LCDBG as disclosed in NOTE 16 will also be used to help fund the cost of the new water well which is expected to be completed in 2010.

NOTE 19. CONTINGENT LIABILITIES

There are currently no pending matters against the Town that, in legal counsel's opinion would not be adequately covered by insurance. There are also no known unasserted claims that the Town is aware of as of the date of this report.

(Concluded)

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

**TOWN OF COTTONPORT, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$32,000	\$32,000	\$31,912	\$(88)
Franchise fees	148,000	120,000	122,971	2,971
Licenses and permits	53,400	51,400	74,915	23,515
Intergovernmental	859,303	51,303	85,488	14,183
Fines and forfeits	29,000	21,000	25,394	4,394
Miscellaneous	20,050	20,050	53,927	33,877
TOTAL REVENUES	941,753	295,753	374,585	78,832
<u>EXPENDITURES</u>				
General government	202,850	202,850	203,297	(447)
Public safety:				
Police	237,000	237,000	249,028	(12,028)
Fire	32,850	32,850	24,045	8,805
City Court	2,600	2,600	4,697	(2,097)
Streets and bridges	201,500	201,500	182,387	19,113
Health and sanitation	6,100	6,100	694	5,406
Capital outlay	600,000	0	10,303	(10,303)
TOTAL EXPENDITURES	1,282,900	682,900	674,449	8,451
Deficiency of revenues over expenditures	(341,147)	(387,147)	(299,865)	87,282
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	300,000	300,000	242,300	(57,700)
Operating transfers out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	300,000	300,000	242,300	(57,700)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$(41,147)	\$(87,147)	(57,565)	\$29,582
FUND BALANCES AT BEGINNING OF YEAR			68,037	
FUND BALANCES AT END OF YEAR			\$10,473	

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$153,000	\$153,000	\$156,059	\$3,059
Miscellaneous	400	400	60	(340)
TOTAL REVENUES	<u>153,400</u>	<u>153,400</u>	<u>156,119</u>	<u>2,719</u>
<u>EXPENDITURES</u>				
General government:				
Collection Fee	2,550	2,550	1,998	552
Miscellaneous	12	12	12	0
Total general government expenditures	<u>2,562</u>	<u>2,562</u>	<u>2,010</u>	<u>552</u>
Excess (deficiency) of revenues over expenditures	<u>150,838</u>	<u>150,838</u>	<u>154,109</u>	<u>3,271</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(129,300)</u>	<u>20,700</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(129,300)</u>	<u>20,700</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>\$838</u>	<u>\$838</u>	<u>24,809</u>	<u>\$23,971</u>
FUND BALANCES AT BEGINNING OF YEAR			<u>15,781</u>	
FUND BALANCES AT END OF YEAR			<u>\$40,590</u>	

The accompanying notes are an integral part of this financial statement.

**TOWN OF COTTONPORT, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
VOLUNTEER FIRE DEPARTMENT FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes	\$55,000	\$55,000	\$58,907	\$3,907
Intergovernmental	16,000	16,000	15,536	(464)
Miscellaneous	2,700	2,700	389	(2,311)
TOTAL REVENUES	<u>73,700</u>	<u>73,700</u>	<u>74,832</u>	<u>1,132</u>
<u>EXPENDITURES</u>				
Public safety:				
Fire	25,000	25,000	14,297	10,703
Capital outlay	220,000	220,000	231,093	(11,093)
TOTAL EXPENDITURES	<u>245,000</u>	<u>245,000</u>	<u>245,391</u>	<u>(391)</u>
Excess (deficiency) of revenues over expenditures	<u>(171,300)</u>	<u>(171,300)</u>	<u>(170,559)</u>	<u>741</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Loan proceeds	175,984	175,984	175,984	0
Operating transfers in	0	0	0	0
Operating transfers out	(45,102)	(45,102)	(30,102)	15,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>130,882</u>	<u>130,882</u>	<u>145,882</u>	<u>15,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$(40,418)</u>	<u>\$(40,418)</u>	<u>(24,877)</u>	<u>\$15,741</u>
FUND BALANCES AT BEGINNING OF YEAR			<u>81,141</u>	
FUND BALANCES AT END OF YEAR			<u>\$56,464</u>	

The accompanying notes are an integral part of this financial statement.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
For the Year Ended June 30, 2009

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General Fund, Sales Tax Fund, Volunteer Fire Department Fund, Debt Service Fund, Capital Projects Funds (if any) and the Enterprise Fund. The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Town Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are as originally adopted and as further amended by the Town Council. Budgetary appropriation lapse and the end of each fiscal year and must be re-appropriated for the following year in order to be expended.

OTHER SUPPLEMENTAL INFORMATION

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>TAXES</u>			
Ad Valorem Taxes	\$32,000	\$31,912	\$(88)
TOTAL TAXES	32,000	31,912	(88)
<u>FRANCHISE FEES:</u>			
Cleco Franchise Fees	75,000	75,137	137
Entex Franchise Fees	18,000	19,113	1,113
Galaxy Cable Franchise Fee	17,000	18,532	1,532
Telephone Franchise Fee	10,000	10,188	188
TOTAL FRANCHISE FEES	120,000	122,970	2,970
<u>LICENSES AND PERMITS</u>			
Occupational Licenses	48,000	71,535	23,535
Building Permits	150	130	(20)
Liquor Permits	3,000	3,010	10
Moving Permits	250	240	(10)
TOTAL LICENSES AND PERMITS	51,400	74,915	23,515
<u>INTERGOVERNMENTAL</u>			
Beer Taxes	8,000	8,584	584
Housing Authority - In Lieu Tax	8,500	9,900	1,400
D O T D Road Maintenance Fee	4,803	5,000	197
Video Poker Revenue	18,000	14,146	(1,854)
State Grants	0	1,900	1,900
Casino Revenue	18,000	27,752	11,752
Misc Income	0	184	184
TOTAL INTERGOVERNMENTAL	51,303	65,466	14,163
<u>FINES AND FORFEITS:</u>			
Fines	18,000	20,188	4,188
Court Cost	5,000	5,228	228
TOTAL FINES AND FORFEITS	21,000	25,394	4,394
<u>MISCELLANEOUS:</u>			
Late Charges	50	106	56
Excise Tax Refund	0	6,397	6,397
Grass Cutting	1,500	720	(780)
Xerox Copies	0	39	39
Insurance proceeds	0	21,543	21,543
Rental Income - Community Cen	4,500	1,925	(2,575)
Miscellaneous Income	3,000	2,701	(299)
Inter-Club Christmas Revenue	4,000	4,505	505
Veteran's Memorial Revenue	500	0	(500)
Museum Revenue	5,000	7,071	2,071
First Responder's Revenue	0	115	115
Accident Report	0	717	717
Miscellaneous Income	0	1,929	1,929
Cottonport BBQ	0	4,855	4,855
Park Family Fun	0	695	695
Medical - Worker	0	70	70
Interest Income	1,500	395	(1,105)
Interest Income - City Court	0	145	145
TOTAL MISCELLANEOUS	20,050	53,928	33,878
TOTAL REVENUES	\$295,753	\$374,585	\$78,832

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>GENERAL GOVERNMENT</u>			
G & A Salaries	\$65,000	\$52,861	\$12,139
G & A Payroll Taxes	5,000	2,759	2,241
G & A Employee Benefits	30,000	28,855	1,145
Legal & Auditing	13,000	9,633	3,367
Insurance	12,000	15,489	(3,489)
Assessor Fees	2,000	0	2,000
Miscellaneous Exp	4,000	468	3,532
Museum Expense	5,000	20,769	(15,769)
Office Supply & Postage	5,000	4,476	524
Publications & Printing	4,000	1,699	2,301
Dues & Subscriptions	2,500	2,228	272
Town Hall Expenses	5,000	28,787	(23,787)
Telephone Expense	5,000	3,167	1,833
Utilities	12,000	10,574	1,426
Community Center Expenses	4,000	750	3,250
Travel	8,000	2,778	5,222
Bank Service Charge	150	141	9
Park Expenses	1,800	1,022	778
Xerox Copier Rental Payments	1,500	784	716
Christmas Decoration Expense	8,000	2,778	5,222
Christmas Fireworks Expense	2,000	3,000	(1,000)
Christmas Festival Misc Expen	1,000	1,982	(982)
Inter-Club Christmas Expense	5,000	2,708	2,292
Uniforms	400	0	400
Cottonport BBQ Expense	0	4,138	(4,138)
Park Family Fun Expense	0	927	(927)
Veteran's Memorial Expenses	1,000	525	475
Bike Program Expense	500	0	500
	<u>202,850</u>	<u>203,297</u>	<u>(447)</u>
TOTAL GENERAL GOVERNMENT			
	<u>202,850</u>	<u>203,297</u>	<u>(447)</u>
 <u>PUBLIC SAFETY:</u>			
<u>POLICE</u>			
Police Travel Expense	0	787	(787)
Salaries	110,000	137,689	(27,689)
Salaries	28,000	30,104	(2,104)
Payroll Taxes	10,000	14,069	(4,069)
Employee Benefits	18,000	10,840	7,160
Patrol Car Expenses	36,000	25,320	10,680
Uniforms	1,500	2,162	(662)
Insurance	18,000	18,853	(853)
Material & Supplies	2,000	1,996	4
Telephone Expense	3,500	3,023	477
Miscellaneous Expense	10,000	4,183	5,817
	<u>237,000</u>	<u>249,026</u>	<u>(12,026)</u>
TOTAL POLICE			
	<u>237,000</u>	<u>249,026</u>	<u>(12,026)</u>

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>PUBLIC SAFETY (CONTINUED)</u>			
<u>FIRE</u>			
Salaries	3,900	3,900	0
Payroll Taxes	350	298	52
Employee Benefits	400	263	137
Truck Expense	5,000	549	4,451
Materials & Supplies	5,000	16	4,984
Insurance	7,500	9,913	(2,413)
Telephone Expense	1,200	1,004	196
Miscellaneous Expense	1,500	1,817	(317)
Utilities - CVFD	8,000	6,285	1,715
TOTAL FIRE	<u>32,850</u>	<u>24,045</u>	<u>8,805</u>
 <u>CITY COURT</u>			
Magistrate Fees	1,200	1,000	200
Office Supplies/postage	200	16	184
Prisoner Rations	500	2,503	(2,003)
Miscellaneous Expense	700	1,177	(477)
TOTAL CITY COURT	<u>2,600</u>	<u>4,697</u>	<u>(2,097)</u>
 <u>STREETS AND BRIDGES</u>			
Salaries	75,000	66,651	8,349
Payroll Taxes	6,000	5,161	839
Employee Benefits	14,000	11,357	2,643
Truck/Backhoe Expense	10,000	14,712	(4,712)
Tractor Expenses	4,000	1,390	2,610
Materials & Supplies	10,000	7,588	2,412
Repairs & Maintenance	7,000	17,288	(10,288)
Vapor Lights	40,000	35,968	4,032
Debris Removal	0	4,088	(4,088)
Fountain Expense	3,500	1,358	2,142
Animal Control Expense	500	0	500
Misc Expense	15,000	1,386	13,614
Uniforms	1,500	1,405	95
Insurance	15,000	14,038	962
TOTAL STREETS AND BRIDGES	<u>201,500</u>	<u>182,387</u>	<u>19,113</u>

**TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>HEALTH AND SANITATION</u>			
First Responders	500	694	(194)
Pest Control	300	0	300
Solid Waste Disposal	4,800	0	4,800
First Responder's Expense	<u>500</u>	<u>0</u>	<u>500</u>
TOTAL HEALTH AND SANITATION	<u>6,100</u>	<u>694</u>	<u>5,406</u>
 <u>CAPITAL OUTLAY</u>			
Capital Outlay	0	8,521	(8,521)
Capital Outlay - Police	<u>0</u>	<u>1,782</u>	<u>(1,782)</u>
TOTAL CAPITAL OUTLAY	<u>0</u>	<u>10,303</u>	<u>(10,303)</u>
 TOTAL EXPENDITURES	<u><u>\$682,900</u></u>	<u><u>\$674,449</u></u>	<u><u>\$8,451</u></u>

**TOWN OF COTTONPORT, LOUISIANA
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>WATER DEPARTMENT</u>			
Salaries	\$30,000	\$21,604	\$8,396
Payroll Taxes	2,500	1,590	910
Employee Benefits	4,500	12,054	(7,554)
Materials & Supplies	30,000	19,366	10,634
Chemicals	18,000	25,879	(7,879)
Trucks/Backhoes Expenses	7,000	3,966	3,034
Repairs & Maintenance	10,000	14,500	(4,500)
Water Tank Maintenance	0	1,600	(1,600)
Telephone Expense	3,800	4,743	(943)
Utilities	120,000	82,264	37,736
Insurance	20,000	17,792	2,208
Miscellaneous	8,000	10,085	(2,085)
Bad Debt Expense	500	0	500
Uniforms	500	2,528	(2,028)
Engineering Fees	0	400	(400)
Test Wells	0	3,129	(3,129)
Depreciation	51,000	51,626	(626)
TOTAL WATER DEPARTMENT	\$305,800	\$273,126	\$32,674
<u>SEWER DEPARTMENT</u>			
Salaries	\$46,000	\$28,363	\$17,637
Payroll Taxes	5,000	2,170	2,830
Employee Benefits	5,000	5,820	(820)
Materials & Supplies	20,000	10,717	9,283
Chemicals	15,000	8,370	6,630
Trucks/Backhoes Expense	5,000	3,873	1,127
Repairs & Maintenance	35,000	38,629	(3,629)
Insurance	7,500	5,408	2,092
Miscellaneous	7,500	484	7,016
Utilities	23,000	17,461	5,539
Bad Debt Expense	100	0	100
Uniforms	500	290	210
Depreciation	45,500	45,617	(117)
TOTAL SEWER DEPARTMENT	\$215,100	\$167,202	\$47,898
<u>GENERAL AND ADMINISTRATIVE</u>			
G & A Salaries	\$40,000	\$35,989	\$4,031
G & A Payroll Taxes	4,000	2,808	1,192
G&A Employee Benefits	5,500	2,610	2,890
Legal & Auditing	5,500	0	5,500
Office Supply & Postage	4,200	2,972	1,228
Bank Service Charges	50	80	(30)
Miscellaneous	250	0	250
TOTAL GENERAL AND ADMINISTRATIVE	\$59,500	\$44,439	\$15,061

**TOWN OF COTTONPORT, LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Debt Service Fund	Capital Projects Fund	Totals Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and interest-bearing deposits	\$0	\$153	\$153
TOTAL ASSETS	<u>0</u>	<u>153</u>	<u>153</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities	0	0	0
TOTAL LIABILITIES	0	0	0
<u>FUND BALANCES</u>			
Reserved for debt service	0	0	0
Unreserved, unrestricted	0	153	153
TOTAL LIABILITIES AND FUND BALANCES	<u>\$0</u>	<u>\$153</u>	<u>\$153</u>

**TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
<u>REVENUES</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Miscellaneous	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXPENDITURES</u>			
General government	0	0	0
Capital outlay	0	0	0
Debt service	30,102	0	30,102
	<u>30,102</u>	<u>0</u>	<u>30,102</u>
<u>TOTAL EXPENDITURES</u>	<u>30,102</u>	<u>0</u>	<u>30,102</u>
Excess (deficiency) of revenues over expenditures	<u>(30,102)</u>	<u>0</u>	<u>(30,102)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	30,102	0	30,102
Operating transfers out	0	0	0
	<u>30,102</u>	<u>0</u>	<u>30,102</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>30,102</u>	<u>0</u>	<u>30,102</u>
Excess (deficiency) of revenues and other sources			
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>153</u>	<u>153</u>
FUND BALANCES AT END OF YEAR	<u>\$0</u>	<u>\$153</u>	<u>\$153</u>

**TOWN OF COTTONPORT, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO ELECTED OFFICIALS**

A detail of compensation paid to individual elected officials for the year ended June 30, 2009, follows:

	<u>Compensation</u>	<u>Term Expires/Expired</u>
Paul A. Gauthier, Mayor	3,000	12/31/08
Cleveland Carmouche, Jr., Mayor	3,000	12/31/12
Council Members:		
Curtis J. Francisco, Mayor Pro-Tem	2,550	12/31/12
Margaret Prater-Jenkins	2,550	12/31/12
Kenneth W. Friels	2,500	12/31/12
Luke L. Welch	2,500	12/31/12
Brenda L. Bazile	1,250	12/31/12
Lonis Laurent	1,200	12/31/08
Charles I. Jenkins, Chief of Police	18,206	12/31/08
Gerald J. Mayeux, Chief of Police	<u>16,997</u>	12/31/12
Total	<u>\$53,753</u>	

OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Cleveland Carmouche, Jr., Mayor
And the Members of the Council
Town of Cottonport, Louisiana

We have audited the basic financial statements of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Cottonport, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Cottonport's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as items 09-01 to 09-02.

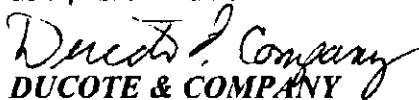
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Town of Cottonport, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that are required to be reported under *Government Auditing Standards* and which we described in the accompanying schedule of findings and responses as items 07-02.

This report is intended for the information and use of the Mayor and Members of the Council and management of the Town of Cottonport, Louisiana, federal awarding agencies, and for filing with the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


DUCOTE & COMPANY

Marksville, Louisiana

November 16, 2009

TOWN OF COTTONPORT, LOUISIANA
Schedule of Audit Results, Findings, and Responses, (Continued)
For the Year Ended June 30, 2009

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(s) identified?	_____yes	___x___no
Reportable condition(s) identified not		
Considered to be material weakness(s)	_____yes	___x___no
Noncompliance material to financial statements noted?	___x___yes	_____no

Federal Awards

Not applicable for the fiscal year ended June 30 2009.

Section II-Financial Statement Findings

There are two findings applicable to internal control items 09-01 and 09-02, and one finding relative to compliance items 07-02. These items are discussed in detail in Section IV.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the fiscal year ended June 30, 2009

TOWN OF COTTONPORT, LOUISIANA
Schedule of Audit Results, Findings, and Responses, (Continued)
For the Year Ended June 30, 2009

Section IV – Summary of Current Year Audit Findings

Internal Control and Compliance Material to the Financial Statements

Finding 09-01: Incorrect postings for allocation of employer portion of group insurance in the general ledger.

Condition Found: The trial balances provided to the auditor as of June 30, 2009, were incorrectly stated. The postings in the general ledger for the employer portion of the group insurance paid were posted each month, however, another entry was booked reversing out the posting with an offsetting debit to the cash account.

Cause: Since the checks for the employer portion of the group insurance were paid out of the accounts payable account, the Clerk thought that the entries were being double posted and therefore made an offsetting entry to reverse out the amounts posted in the general ledger.

Recommendation: Adjustments to correct this error was recommended and posted as part of the audit adjustments so that the financial statements would be presented correctly.

Management's Response and Corrective Action Plan: The Clerk realized the error she made and agreed to the correction for the current year and will discontinue the duplicate postings in the future.

Finding 09-02: Old outstanding items existed on four of the bank reconciliations as of the end of the fiscal year that should have been voided or corrected more timely.

Condition Found: The cash reconciliations for four of the bank accounts had old outstanding items from a prior and the current year that should have been voided, cleared or corrected more timely.

Cause: Cash reconciliations are properly performed each month, however, outstanding items are not investigated and corrected on routine basis.

Recommendation: Adjustments to void, correct or clear old outstanding items should be made on a routine basis in order for the bank reconciliations and financial statement postings to reflect the proper balances. The adjustments necessary to clear all of the old outstanding items were recommended and posted as part of the audit adjustments so that the financial statements would be presented correctly.

Management's Response and Corrective Action Plan: The Clerk agreed to the correction for the current year and will monitor and correct these items more frequently in the future.

TOWN OF COTTONPORT, LOUISIANA
Current Year Findings, Recommendations and Corrective Action Plan
For the Year Ended June 30, 2009

Finding 07-02: Lack of sufficient accounting expertise to prepare financial statements

Condition Found: The accounting personnel of the Town, while capable of handling their accounting responsibilities lack sufficient expertise to prepare the annual financial statements with full disclosures as required by Generally Accepted Accounting Procedures (GAAP) and *Governmental Auditing Standards*.

Cause: The job requirements do not include a degree in accounting or a sufficient level of knowledge to prepare GAAP financial statements. The salary and position do not justify this requirement to fill that position and the Town has typically relied on the assistance of the auditor to prepare the financial statements in accordance with required standards.

Recommendation: Adequate involvement and oversight in the preparation of the financial statements whereby accounting personnel fully understand and take responsibility for their fair presentation is mandatory to maintain independence with respect to the auditing firm conducting the audit.

Management's Response and Corrective Action Plan: It is not cost feasible to hire someone with sufficient knowledge and expertise to prepare the financial statements in accordance with the current reporting standards. It is our intention, however, to continue to take responsibility for the preparation of the financial statements by verifying the information contained therein as presented. In addition, the Town will take full responsibility for any audit adjustments proposed by the auditor with full understanding of those adjustments and the disclosures contained in the financial report before its issuance.

(Concluded)

TOWN OF COTTONPORT, LOUISIANA
Status of Prior Audit Findings
For the Year Ended June 30, 2009

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Date Planned Corrective Action/ Partial Corrective Action Taken</u>
<u>Section I – Internal Control and Compliance Material to the Financial Statements</u>				
08-01	Failure to consistently apply the use of purchase orders	Purchase order system was not being fully utilized	Yes	Jan 2009
08-02	General Fund Budget Variance greater than 5%	Actual expenditures exceed budgeted amounts by more than 5%	Yes	Jan 2009
08-03	Debt incurred without Bond Commission Approval	A loan agreement was entered into with Capital One for which prior approval from the State Bond Commission was not obtained.	Yes	Jan 2009
07-02	Lack of sufficient accounting expertise to prepare financial statements.	GAAP financial statements were prepared with the assistance of the auditor due to the lack of sufficient accounting expertise by management.	No	
07-03	Failure to submit financial statements timely.	Due to problems encountered at year end, the reports were two weeks late in being released.	Yes	Dec 2009

Section II – Internal Control and Compliance Material to Federal Awards

None reported in prior year.

Section III – Management Letter

None reported in prior year.